



State of Wisconsin
Department of Health and Family Services

Jim Doyle, Governor
Helene Nelson, Secretary

End Stage Renal Dialysis at Free-standing Clinics and Oxygen Products

Change to Base	FY 04		FY 05	
	GPR	All Funds	GPR	All Funds
MA Expenditures	-\$2,514,100	-\$6,045,600	-\$2,518,800	-\$6,056,200

Description of Proposal

- Adopt a single daily rental reimbursement rate for oxygen equipment rental, accessories, and oxygen content similar to the rates and system used under Medicare.
- Adopt Medicare rates at free-standing clinics for End Stage Renal Dialysis (ESRD) services.

Background

Oxygen

- Currently, Medicaid pays a significantly higher rate than Medicare for oxygen services.
- In FY01, oxygen benefit expenditures were \$5,935,600 AF (\$2,448,400 GPR).
- In 2001, following an audit of Wisconsin's Medicaid oxygen coverage, the Office of the Inspector General recommended that DHFS revise its Medicaid payment limits for oxygen related DME and supplies to amounts that do not exceed the associated limits under the Medicare fee schedule.
- Currently, there are prior authorization requirements for oxygen durable medical equipment (DME) but not for oxygen content or accessories. Due to the lack of prior authorization on oxygen content, the Medicaid providers are not encouraged to monitor the type of oxygen used or the amount.
- Medicaid policies reimburse for equipment rental, accessories, and oxygen content separately while Medicare reimburses for all three of these items in one daily rental rate.

ESRD

- Medicaid's fee-for-service payment system reimburses providers for End Stage Renal Dialysis (ESRD) services. Currently, these services are performed at hospitals and free-standing clinics.
- Free-standing clinics are reimbursed at approximately 95%-100% of their billed charges, which is significantly higher than most other reimbursements for other Medicaid services. Hospitals are paid their established Medicaid outpatient rate, which is a much lower rate than the Medicaid rate for free-standing clinics.

- Medicaid provides ESRD benefits to approximately 3,300 recipients. The amount spent for ESRD services at free-standing clinics in FY01 was \$13.2 million AF (\$5.4 million GPR).
- There are approximately 15 free-standing clinics in the state. Currently, the average reimbursement rate for hemodialysis service, which is approximately 44% of ESRD charges at free-standing clinics, is \$440. The Medicare rate is \$138 per performed service.

Rationale for Proposal

- Moving to reimbursement policies similar to Medicare's policies will reduce the complications experienced by providers due to the differences between Medicaid and Medicare.
- Moving to Medicare's daily rental rate for the Medicaid oxygen benefit will be more cost effective and ensure efficient use of oxygen equipment and services.
- Adopting Medicare's reimbursement rates for ESRD services will be more cost effective and make the reimbursement more consistent with reimbursements for MA ESRD services in hospitals.